

FISCAL NOTE

HB 4075 - SB 4227

March 5, 2008

SUMMARY OF BILL: Requires nursing homes to drug test all direct care employees at least once per year.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$6,000/One-Time
\$342,700/Recurring**

Other Fiscal Impact – Increase Federal Expenditures - \$612,800

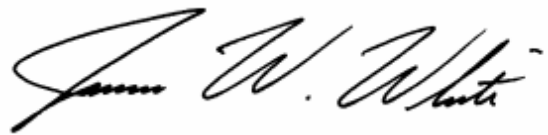
Assumptions:

- Nursing homes will pass the cost for the random drug tests of employees on to the consumers by raising rates.
- According to the Bureau of TennCare, there are approximately 300 Medicaid certified nursing homes in the state. It is estimated that each nursing home has 100 employees.
- It is estimated that there are 30,000 employees of nursing homes who will be tested at a rate of \$35 per test resulting in a one-time increase to the overall rate of \$1,050,000 (30,000 x \$35).
- A 30 percent average turnover rate for employees will result in a recurring increase in expenditures of \$315,000 (30,000 x .30 x \$35).
- The Bureau of TennCare reimburses for approximately 70 percent of nursing home residents resulting in an increase in TennCare expenditures of \$955,500 (\$1,050,000 x \$315,000 x .70).
- Of the \$955,500, \$342,661 will be state funds at a rate of 35.862 percent and \$612,839 at a federal match rate of 64.138 percent.
- Fee revenue is not sufficient to cover the operation of the Board for Licensing Health Care Facilities. The Board currently operates at a deficit that is paid through a general fund appropriation at the end of the fiscal year.
- The increase in fees for FY07-08 will not be sufficient to eliminate the deficit in FY07-08 or in future years.
- The Board for Licensing Health Care Facilities will need to hold an additional meeting to revise the assisted-care living facility regulations.
- This additional meeting will increase the Board's operating deficit and will require an increased general fund appropriation.

- There will be a one-time increase in state expenditures for board member travel reimbursement of \$5,000.
- There will be an increase in state expenditures for a Court reporter to transcribe the meeting. Such is estimated to be \$300.
- A 175 page transcript at a cost of \$4 a page will result in a one-time increase in state expenditures of \$700 (175 x \$4).
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health Care Facilities is required to be self-supporting over a two-year period.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml